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7  
8 **BEFORE THE ARIZONA CORPORATION COMMISSION**

9 ROBERT "BOB" BURNS, Chairman  
BOYD DUNN  
10 SANDRA D. KENNEDY  
JUSTIN OLSON  
11 LEA MÁRQUEZ PETERSON

12 IN THE MATTER OF THE APPLICATION  
13 OF ARIZONA PUBLIC SERVICE COMPANY  
FOR A HEARING TO DETERMINE THE  
14 FAIR VALUE OF THE UTILITY PROPERTY  
OF THE COMPANY FOR RATEMAKING  
15 PURPOSES, TO FIX A JUST AND  
REASONABLE RATE OF RETURN  
16 THEREON, TO APPROVE RATE  
17 SCHEDULES DESIGNED TO DEVELOP  
18 SUCH RETURN.


Docket No. E-01345A-19-0236

**NOTICE OF FILING  
SURREBUTTAL TESTIMONY OF  
NICOLE HORSEHERDER ON  
BEHALF OF SAN JUAN CITIZENS  
ALLIANCE, TÓ NIZHONÍ ÁNÍ,  
AND DINÉ CARE**

19  
20 San Juan Citizens Alliance, Tó Nizhoní Ání, and Diné CARE (collectively "Citizen  
21 Groups") hereby provide notice that they have this day filed the attached Surrebuttal  
22 Testimony of Nicole Horseherder.  
23  
24  
25  
26

1 RESPECTFULLY SUBMITTED this 4th day of December, 2020.

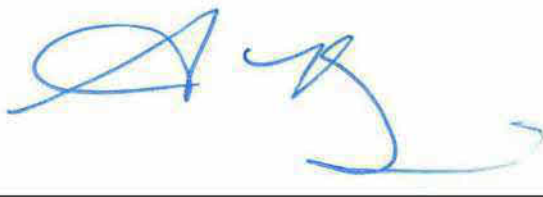
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12 ORIGINAL of the foregoing electronically  
13 filed and 8 copies delivered this 4th day  
14 of December, 2020 with:

15 Docket Control  
16 Arizona Corporation Commission  
17 1200 W. Washington St.  
18 Phoenix, AZ 85007

19 COPIES of the foregoing mailed/mailed  
20 this 4th day of December, 2020 to the  
21 persons identified on the attached service  
22 list, consisting of three pages.

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11 JUSTIN OLSON  
LEA MÁRQUEZ PETERSON

12 IN THE MATTER OF THE APPLICATION  
13 OF ARIZONA PUBLIC SERVICE  
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15 DETERMINE THE FAIR VALUE OF THE  
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17 FOR RATEMAKING PURPOSES, TO FIX  
A JUST AND REASONABLE RATE OF  
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Docket No. E-01345A-19-0236

18  
19 **SURREBUTTAL TESTIMONY OF NICOLE HORSEHERDER**  
20 **ON BEHALF OF SAN JUAN CITIZENS ALLIANCE, TÓ NIZHÓNÍ ÁNÍ,**  
21 **AND DINÉ CARE (“CITIZEN GROUPS”)**  
22

23 **December 4, 2020**  
24  
25  
26

## SURREBUTTAL TESTIMONY OF NICOLE HORSEHERDER, CITIZEN GROUPS

## TABLE OF CONTENTS

I.	INTRODUCTION.....	3
II.	RECENT ARIZONA CORPORATION COMMISSION DECISIONS ESTABLISH PRECEDENT FOR THE UTILITY OBLIGATION FOR JUST AND EQUITABLE TRANSITION.....	5
III.	THE CITIZEN GROUPS SUPPORT ARIZONA PUBLIC SERVICE COMPANY’S PROPOSED JUST AND EQUITABLE TRANSITION PACKAGE.....	9
IV.	THE CITIZEN GROUPS SUPPORT THE ADVANCED ENERGY MECHANISM AS THE MECHANISM TO FUND THE JUST AND EQUITABLE TRANSITION PACKAGE. ....	15
V.	CONCLUSION .....	18



1 **I. INTRODUCTION**

2 **Q. Please state your name and business address.**

3 A. My name is Nicole Horseherder. I am the Executive Director of Tó Nizhóní  
4 Ání. My business address is P.O. Box 483, Kykotsmovi, Arizona 86039.

5 **Q. Did you file direct testimony in this case?**

6 A. Yes, I filed direct testimony on October 2, 2020, on behalf of the San Juan Citizens  
7 Alliance, Tó Nizhóní Ání, and Diné CARE--collectively, the "Citizen Groups."<sup>1</sup>  
8

9 Mike Eisenfeld, the Climate Program Manager of the San Juan Citizens Alliance, also  
10 filed direct testimony on behalf of the Citizen Groups,<sup>2</sup> as did David Schlissel of the  
11 Institute for Energy Economics and Financial Analysis.<sup>3</sup>

12 **Q. Why did the Citizen Groups intervene in this proceeding?**

13 A. The core position of the Citizen Groups since we first began intervening in  
14 proceedings before the Arizona Corporation Commission (ACC) three years ago has  
15 been to ensure that Arizona Public Service (APS) and any other entities that have  
16 benefited from the operation of coal-fired power plants and mines acknowledge and  
17 fulfill their obligations to provide support to the people of the Navajo Nation and  
18 other impacted communities as they decide to close and retire these facilities.  
19  
20  
21

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22 <sup>1</sup> Direct Testimony of Nicole Horseherder in Docket No. E-01345A-19-0236 (Oct. 2, 2020),  
23 available at <https://docket.images.azcc.gov/E000009356.pdf>.

24 <sup>2</sup> Direct Testimony of Mike Eisenfeld in Docket No. E-01345A-19-0236 (Oct. 2, 2020),  
available at <https://docket.images.azcc.gov/E000009355.pdf>.

25 <sup>3</sup> Direct Testimony of David Schlissel in Docket No. E-01345A-19-0236 (Oct. 2, 2020),  
26 available at <https://docket.images.azcc.gov/E000009351.pdf>.



1 Power plants and mines are often the largest employers in a community, and they  
2 serve as one of the largest sources of municipal, county, and tribal tax revenue,  
3 providing core funding for emergency and social services and school districts. When  
4 plants and mines are shuttered, the economic disruptions are painful, resulting most  
5 immediately and directly in heavy job losses and precipitous drops in tax revenue. But  
6 because prosperity is so often linked directly to plant and mine operations, closures  
7 also force a longer-term economic reckoning about the kinds of businesses and  
8 industries that will help communities survive beyond coal. That kind of rebuilding  
9 cannot happen overnight. It requires years of planning and significant financial  
10 support.

11  
12 In a Just and Equitable Transition, utilities and mining companies are held  
13 accountable to the communities that gave them so much in the name of supplying  
14 inexpensive electricity to ratepayers and profits to shareholders. A Just and Equitable  
15 Transition means communities that are economically dependent on coal are not left  
16 behind as power plants and mines close while the world shifts to cleaner energy  
17 sources. It means that those who have suffered the direct environmental and health  
18 impacts of nearby mining and coal combustion, as well as the significant loss of their  
19 primary water source, are compensated in ways that lead to basic improvements in  
20 their standard of living. And it means that utilities and mining companies must assist  
21 communities through financial and technical assistance in their transition to new  
22 modes of post-coal economic development.

23  
24 In this rate case, we have submitted detailed testimony regarding the need for a Just  
25 and Equitable Transition as it relates to each of the three coal-fired power plants in  
26

1 which APS has ownership – Navajo Generating Station (NGS), Four Corners Power  
2 Plant (FCPP) and Cholla Power Plant – and the communities that have been or will be  
3 harmed by their closures.

4 **Q. What is the purpose of your surrebuttal testimony?**

5 A. The purpose of my surrebuttal testimony is to:

- 6 1. Describe two recent ACC decisions establishing precedent regarding the  
7 utility obligation for Just and Equitable Transition;
- 8 2. Describe APS's acknowledgement in this proceeding that it has  
9 responsibility for the Just and Equitable Transition of communities  
10 impacted by the closure of NGS, FCPP and the Cholla Power Plant;
- 11 3. Support the Just and Equitable Transition package that APS put forward  
12 in its rebuttal testimony; and
- 13 3. Support the Advanced Energy Mechanism (AEM) as the financial  
14 mechanism by which to secure necessary funding to implement key  
15 components of the Just and Equitable Transition package.

16 **II. RECENT ARIZONA CORPORATION COMMISSION DECISIONS**  
17 **ESTABLISH PRECEDENT FOR THE UTILITY OBLIGATION FOR JUST**  
18 **AND EQUITABLE TRANSITION.**

19 **Q. Please describe the first of two recent ACC decisions recognizing a utility**  
20 **obligation for Just and Equitable Transition.**

21 A. In a Commissioner-initiated amendment to the APS 2020 Demand Side Management  
22 Plan,<sup>4</sup> approved by the ACC in September 2020,<sup>5</sup> the Commission directed APS to

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23 <sup>4</sup> See Commissioner Kennedy Proposed Amendment No. 5 in Docket No. E-01345A-19-  
24 0088 (Sept. 18, 2020), available at <https://docket.images.azcc.gov/E000009058.pdf>. The  
25 amendment was approved in a 3-to-2 vote by Commissioners Sandra Kennedy, Lea  
26 Marquez Peterson, and Bob Burns.

<sup>5</sup> See ACC Decision No. 77763 (Oct. 2, 2020), available at  
<https://docket.images.azcc.gov/0000202208.pdf>.

1 develop and implement a Tribal Energy Efficiency Program. This program will be  
2 supported annually with \$457,000 in “seed funding”<sup>6</sup> from ratepayers to implement  
3 energy efficiency projects for Navajo and Hopi communities “impacted by the closure  
4 of coal-fired power plants that Arizona Public Service Company owns or operates,  
5 including Navajo Generating Station, Four Corners Power Plant and Cholla Power  
6 Plant.”<sup>7</sup>

7  
8 Commissioners ordered APS to implement this program “as part of its corporate  
9 obligations to support a just and equitable transition of communities impacted by  
10 early power plant closure.”<sup>8</sup>

11  
12 Notably, this program was directed by Commissioners in response to a proposal  
13 submitted in the APS 2020 Demand Side Management Plan proceeding by Tó  
14 Nizhóni Ání, Diné CARE and the Black Mesa Trust.<sup>9,10</sup>

15 **Q. Did APS support Commission approval of the Tribal Energy Efficiency**  
16 **Program?**

17 A. Yes it did. And in doing so, APS acknowledged its corporate obligation to assist  
18 impacted communities with Just and Equitable Transition related to the closures of  
19 NGS, FCPP, and the Cholla Power Plant.

20  
21  
22 <sup>6</sup> See *ibid.* page 39, Lines 1-2.

23 <sup>7</sup> See *ibid.* page 38, Lines 12-14.

24 <sup>8</sup> See *ibid.* page 38, Lines 8-9.

25 <sup>9</sup> See Comments of Tó Nizhóni Ání, Diné CARE and the Black Mesa Trust on Staff’s  
26 Recommended Opinion and Order on APS’s 2020 Demand Side Management Plan in  
Docket No. E-01345A-19-0088 (Aug. 17, 2020), available at  
<https://docket.images.azcc.gov/E000008452.pdf>.

<sup>10</sup> The Black Mesa Trust is a Hopi grassroots organization.



1 **Q. Why is this decision precedent-setting?**

2 A. In approving the measure, the Commission for the first time ever took official action  
3 recognizing that utilities and their ratepayers have a responsibility to provide funding  
4 and assistance to communities impacted by early coal power plant retirements.  
5

6 Second, the Commission's directive specifically recognized that APS has  
7 responsibility for a Just and Equitable Transition of the three coal-fired power plants  
8 that it owns: NGS, FCPP and the Cholla Power Plant.  
9

10 Third, funding for the Tribal Energy Efficiency Program will be collected from  
11 ratepayers through the Demand Side Management Adjustment Charge (DSMAC),  
12 which establishes the precedent that ratepayers must support Just and Equitable  
13 Transition and that an adjustor mechanism is an appropriate tool for the cost recovery  
14 of Just and Equitable Transition funds.  
15

16 Finally, the Commission requested that the benefits intended for impacted tribal  
17 communities be made "effective immediately," underscoring the urgency of providing  
18 Just and Equitable Transition assistance.<sup>11</sup>  
19  
20  
21  
22

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23 <sup>11</sup> See Arizona Corporation Commission Press Release, "News Release: Commissioner Lea  
24 Márquez Peterson Applauds \$50 Million Energy Efficiency Package to Help Families,  
25 Nonprofits, Schools During COVID-19" (Sept. 30, 2020), available at  
26 [https://www.azcc.gov/news/2020/09/30/commissioner-lea-m%C3%A1rquez-peterson-applauds-\\$50-million-energy-efficiency-package-to-help-families-nonprofits-schools-during-covid-19](https://www.azcc.gov/news/2020/09/30/commissioner-lea-m%C3%A1rquez-peterson-applauds-$50-million-energy-efficiency-package-to-help-families-nonprofits-schools-during-covid-19).

1 Q. **Please describe the second of two recent ACC decisions recognizing a utility**  
2 **obligation for Just and Equitable Transition.**

3 A. In the energy rules approved by the Commission on November 13, 2020, affected  
4 utilities are required to develop integrated resource plans that “giv[e] preferential  
5 treatment to Renewable and Clean Energy Resources sited or deployed in Impacted  
6 Communities.”<sup>12</sup> The Commission also defined “Impacted Communities” to mean  
7 “cities, towns, counties, communities, tribes, census designated areas, and non-  
8 incorporated geographic areas that will be negatively affected, financially or socially,  
9 by the closure of Conventional Energy Resources or mining facilities, located in or  
10 near their jurisdictions, that have been a source of economic income and  
11 employment.”<sup>13</sup>

12 Q. **Why is this decision precedent-setting?**

13 A. This decision underscores the Commission’s recognition that utilities and their  
14 ratepayers have a responsibility to assist communities impacted by early coal power  
15 plant closures. In particular, they have a responsibility to help these communities  
16 transition to clean energy economies by siting renewable and clean energy projects on  
17 the Navajo Nation and in other areas economically devastated by the early closures of  
18 coal plants and mines.

19 Q. **What do you conclude?**

20 A. Based on these two recent decisions, I conclude that the Commission has signaled its  
21 willingness to consider and approve the type of Just and Equitable Transition package  
22  
23

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24 <sup>12</sup> See Arizona Corporation Commission Decision No. 77829 in Docket No. RU-00000A-18-  
25 0284 at page 63 (Nov. 23, 2020), available at  
<https://docket.images.azcc.gov/0000202570.pdf> (proposed A.A.C. R14-2-2708(C)(3)).

26 <sup>13</sup> Ibid. page 51 (proposed A.A.C. R14-2-2701(48)).

provisions for the Navajo Nation and other coal-impacted communities that APS has proposed in its Rebuttal Testimony.

**III. THE CITIZEN GROUPS SUPPORT ARIZONA PUBLIC SERVICE COMPANY'S PROPOSED JUST AND EQUITABLE TRANSITION PACKAGE.**

**Q. Does APS acknowledge a responsibility for the Just and Equitable Transition of communities impacted by the closure of coal-fired power plants?**

A. Yes it does. In his rebuttal testimony, APS Witness and Chief Executive Officer Jeff Guldner states that APS is "committed to making a transition to a clean energy future in a responsible manner, working closely with the affected communities to minimize impacts and help identify new opportunities."<sup>14</sup> He acknowledges that the "closure of coal-fired power plants and the reduction in coal consumption will have a negative economic impact on ... communities whose economies are dependent upon those plants and mines,"<sup>15</sup> and that one of the communities to be "hardest hit economically" is the Navajo Nation.<sup>16</sup>

Similarly, APS Witness and Senior Vice President of Public Policy Barbara Lockwood acknowledges that APS's transition away from coal will have "an economic impact on local communities that have relied on the operation of the plants for employment, economic activity and tax revenues, and the Company is committed

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<sup>14</sup> See Rebuttal testimony of Jeff Guldner in Docket No. E-01345A-19-0236, page 10, lines 1-4 (Nov. 6, 2020), available at <https://docket.images.azcc.gov/E000009981.pdf>.

<sup>15</sup> Ibid. page 8, lines 22-26.

<sup>16</sup> Ibid. page 9, lines 4-5.



1 to assisting these communities in a transition away from reliance on coal plants.”<sup>17</sup>  
2 She also states that “now is the right time to begin the process.”<sup>18</sup>

3 **Q. In acknowledgement of this responsibility, what has APS proposed for the Just**  
4 **and Equitable Transition of impacted Navajo communities?**

5 A. APS’s Just and Equitable Transition package includes support for economic  
6 development on the Navajo Nation, support for the electrification of Navajo homes  
7 and businesses without electricity, renewable energy development on the Navajo  
8 Nation or in nearby communities, and a minimum of \$128.75 million in direct  
9 financial assistance to the Navajo Nation, of which \$23.75 million (or 18%) will be  
10 provided by APS shareholders.<sup>19</sup>

11  
12 Specifically, it includes:

- 13 • The solicitation of 600 MW of clean energy resources within the Navajo  
14 Nation or in nearby communities<sup>20</sup>;
- 15 • \$2.5 million per year from APS shareholders to support transmission line  
16 development within the Navajo Nation beginning from the time that the FCPP  
17 closes, or 2032, whichever is earlier, through 2038,<sup>21</sup> for a minimum payment  
18 of \$17.5 million;
- 19 • A cash payment to the Navajo Nation of \$100 million, at approximately \$10  
20 million per year over the next 10 years, collected from APS ratepayers<sup>22</sup>;

21  
22 <sup>17</sup> See Rebuttal testimony of Barbara Lockwood in Docket No. E-01345A-19-0236, page 19,  
23 lines 7-20 (Nov. 6, 2020), available at <https://docket.images.azcc.gov/E000009981.pdf>.

24 <sup>18</sup> Ibid. page 19, lines 19-20.

25 <sup>19</sup> Ibid. pages 19-21.

26 <sup>20</sup> Ibid. page 21, lines 10-20.

<sup>21</sup> Ibid. page 20 line 27 through page 21 line 2.

<sup>22</sup> Ibid. page 20, lines 2-7.



- APS shareholder funding of \$250,000 per year over five years to fund the economic development efforts of an existing or future Navajo Nation economic development organization, beginning two years before the Company's operations at FCPP cease<sup>23</sup>;
  - \$10 million to support electrification projects within the Navajo Nation, including \$5 million from APS shareholders and \$5 million from APS ratepayers<sup>24</sup>;
  - A modification to APS's line extension policy (APS Service Schedule 3) to allow distribution lines to be extended up to 2,000 feet within the Navajo Nation at no cost to Navajo Nation applicants within the Company's service territory,<sup>25</sup> with the potential for this distance to be increased to up to 4,000 feet based on a census of unelectrified Navajo homes and businesses<sup>26</sup>;
  - Assistance to help the Navajo Nation secure water rights associated with FCPP and the Navajo Mine<sup>27</sup>;
  - Support from APS to help the Nation and other coalitions seek Just and Equitable Transition funding from other sources, including the federal government and the other owners of NGS, FCPP and the Cholla Power Plant<sup>28</sup>;
- and

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<sup>23</sup> Ibid. page 20, lines 9-13.

<sup>24</sup> Ibid. page 20, lines 22-25.

<sup>25</sup> Ibid. page 20, lines 14-25.

<sup>26</sup> Ibid. page 20, lines 14-25.

<sup>27</sup> Ibid. page 22, lines 11-18.

<sup>28</sup> Ibid. page 22, lines 19-25.

- Redeployment offers within the APS organization to all APS employees impacted by the closure of FCPP at least six months prior to the closure of the plant.<sup>29</sup>

**Q. Does APS's Just and Equitable Transition proposal include assistance for other impacted communities?**

A. Yes it does. With respect to the Hopi Tribe, APS proposes \$3.7 million in direct financial assistance to be paid over five years, with \$0.35 million to be funded by APS shareholders.<sup>30</sup> Related to the closure of the Cholla Power Plant, APS proposes:

- \$12 million in direct financial assistance for the Navajo County Communities (Navajo County General Fund, Northland Pioneer College and Joseph Unified School District) to be paid over five years, with \$1.1 million to be funded by shareholders<sup>31</sup>; and
- Redeployment offers within the APS organization to all APS employees impacted by the closure of the Cholla Power Plant at least six months prior to the closure of the plant.<sup>32</sup>

**Q. Is APS's Just and Equitable Transition proposal in line with similar utility proposals for Just and Equitable Transition?**

A. Yes. As evidenced by the numerous examples provided in the Citizen Groups' direct testimony,<sup>33</sup> there is a strong and clear trend of utilities stepping up to meet their moral responsibilities to assist communities that they have profited from for decades. This proposal is consistent with that trend.

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<sup>29</sup> Ibid. page 23, lines 1-5.

<sup>30</sup> Ibid. page 24, lines 14-27.

<sup>31</sup> Ibid. page 24, lines 14-23.

<sup>32</sup> Ibid. page 24, lines 14-23.

<sup>33</sup> See Direct testimony of Nicole Horseherder in Docket No. E-01345A-19-0236, pages 28, 31-33 (Oct. 2, 2020), available at <https://docket.images.azcc.gov/E000009356.pdf>

1 **Q. Does the Navajo Nation support APS's Just and Equitable Transition proposal?**

2 A. Yes it does. As described in the rebuttal testimony of APS Witnesses Guldner and  
3 Lockwood, the Just and Equitable Transition package was developed in consultation  
4 with Navajo Nation representatives.<sup>34</sup> These discussions were held to develop a  
5 package that is responsive to the impacts and needs of Navajo communities.<sup>35</sup>

6 **Q. Do the Citizen Groups support APS's Just and Equitable Transition proposal?**

7 A. Yes, we do.

8  
9 However, we note that it is unfortunate that Just and Equitable Transition support did  
10 not come sooner given the fact that NGS closed down a year ago, and the Plant's  
11 owners knew as early as February 2017 that retirement was coming. The delay in  
12 getting to this point has caused unnecessary economic hardship for the Navajo Nation,  
13 the Hopi Tribe, and other coal-impacted communities.

14  
15 This proposal is an effort to finally begin addressing long overdue harms. That being  
16 said, we view the dollar amount offered as significantly below what is *truly* needed to  
17 support the Just and Equitable Transition of Navajo communities that have fueled  
18 APS's success. However, the Navajo Nation's support of APS's offer is something we  
19 cannot ignore. Thus, we recognize and support the overall package as proposed.

20  
21 Relatedly, we will hold APS accountable to its promise to support our efforts to  
22 secure Just and Equitable Transition assistance from other entities, including the  
23 federal government and the other principals of NGS, FCPP and the Cholla Power

24  
25 <sup>34</sup> See Rebuttal testimony of Jeff Guldner, page 9, lines 1 -12; and Rebuttal testimony of  
Barbara Lockwood, page 19, line 21 through page 20, line 2.

26 <sup>35</sup> See Rebuttal testimony of Barbara Lockwood, page 19, line 21 through page 20, line 2.

1 Plant: Tucson Electric Power, Salt River Project (SRP), NV Energy, the U.S. Bureau  
2 of Reclamation, Central Arizona Project, PacifiCorp, the Los Angeles Department of  
3 Water and Power, and Public Service of New Mexico.

4 **Q. Do you have other thoughts on Just and Equitable Transition that you would like**  
5 **to share?**

6 A. Yes. It is absolutely critical that a definitive retirement date for FCPP occurs no later  
7 than 2031. The continued operation of FCPP presents a barrier to Just and Equitable  
8 Transition for our communities. We do not support the operation of FCPP beyond  
9 APS's 2031 exit date from coal.

10  
11 Our communities have been through the economic turmoil of closure decisions with  
12 little notice before with the retirement of NGS. Despite the 2017 announcement that  
13 NGS would retire at the end of 2019, SRP entertained offers by other companies to  
14 buy and operate NGS for a full two years past the retirement announcement. This  
15 created a significant obstacle to the Nation's transition to a post-coal economy. It  
16 created false hope and prevented a more aggressive move to clean energy – a move  
17 that is critical for addressing our water crisis. Because of this failure, Navajo efforts to  
18 begin transitioning away from coal are more than two years behind where they should  
19 be and 50 years behind the rest of the country in water infrastructure development.  
20 We do not want and cannot afford to see the Navajo Nation and its enterprises  
21 continue to invest in energy where there is no market. To that end, while APS may not  
22 officially be able to set a retirement date for FCPP, we are seeking its commitment to  
23 work cooperatively, creatively, and constructively with us on ways to ensure that  
24 FCPP retires when APS determines the plant's useful economic life is over,  
25  
26



1 absolutely no later than 2031 and most likely before that.<sup>36</sup> Similarly, we would like  
2 to continue working with APS on avenues to ensure that the exit of APS from FCPP  
3 results in the retirement of the plant and does not open the door to its continued  
4 operation past 2031 by any other entity.

5  
6 We would also like to work with APS to ensure that any transmission capacity freed  
7 up by the retirement of the FCPP is dedicated solely to clean energy and does not  
8 allow for replacement power to come from coal resources, which would delay the  
9 Nation's transition beyond coal. The continued operation of coal plants means the  
10 continued use of Navajo water for industrial use. This further delays the economic  
11 development and water delivery needed in Navajo communities.

12 **Q. What do you conclude?**

13 A. The Commission should approve all components of APS's proposed Just and  
14 Equitable Transition package without delay.

15 **IV. THE CITIZEN GROUPS SUPPORT THE ADVANCED ENERGY**  
16 **MECHANISM AS THE MECHANISM TO FUND THE JUST AND**  
**EQUITABLE TRANSITION PACKAGE.**

17 **Q. How will the Just and Equitable Transition proposal be funded?**

18 A. The Just and Equitable Transition package, as proposed by APS, will be funded with  
19 shareholder and ratepayer support. Ratepayer funding would be recovered through the  
20 Advanced Energy Mechanism proposed by APS.

21  
22  
23  
24 <sup>36</sup> See generally Direct Testimony of David Schlissel in Docket No. E-01345A-19-0236  
25 (Oct. 2, 2020), available at <https://docket.images.azcc.gov/E000009351.pdf>; see also Direct  
26 Testimony of Mike Eisenfeld in Docket No. E-01345A-19-0236, pages 15-22 (Oct. 2,  
2020), available at <https://docket.images.azcc.gov/E000009355.pdf>.

1 **Q. Do the Citizen Groups support the Advanced Energy Mechanism as the**  
2 **mechanism to recover ratepayers funds for the Just and Equitable Transition**  
3 **package?**

4 A. Yes we do.

5  
6 However, our support comes with the caveat that APS must strive to minimize the  
7 financial impact to its customers. We know from our experience working in New  
8 Mexico that securitization provides a mechanism for utilities like APS to recover  
9 undepreciated assets while also creating financial resources for just transition and  
10 potentially lowering actual rates – all at the same time. We hope that a securitization  
11 framework can be developed and implemented in Arizona to mitigate ratepayer cost  
12 impacts, and we would welcome the opportunity to participate in any process aimed at  
13 codifying a securitization framework.

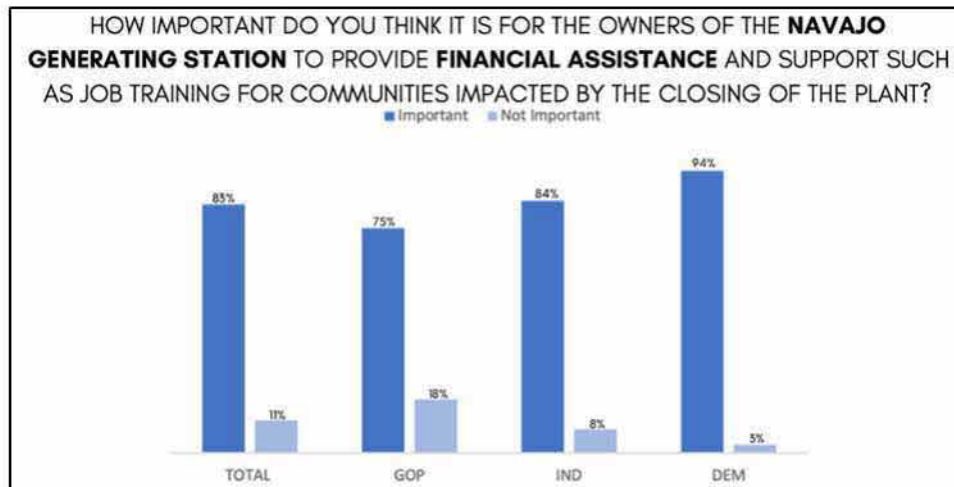
14 **Q. Is there prior Commission precedent for funding Just and Equitable Transition**  
15 **initiatives with ratepayer dollars through an adjustment mechanism?**

16 A. Yes there is. As I previously testified, the Tribal Energy Efficiency Program approved  
17 by the Commission in September will be funded with ratepayer money collected  
18 through the DSMAC. APS's proposed AEM will consolidate several adjustor  
19 mechanisms including the DSMS over time.

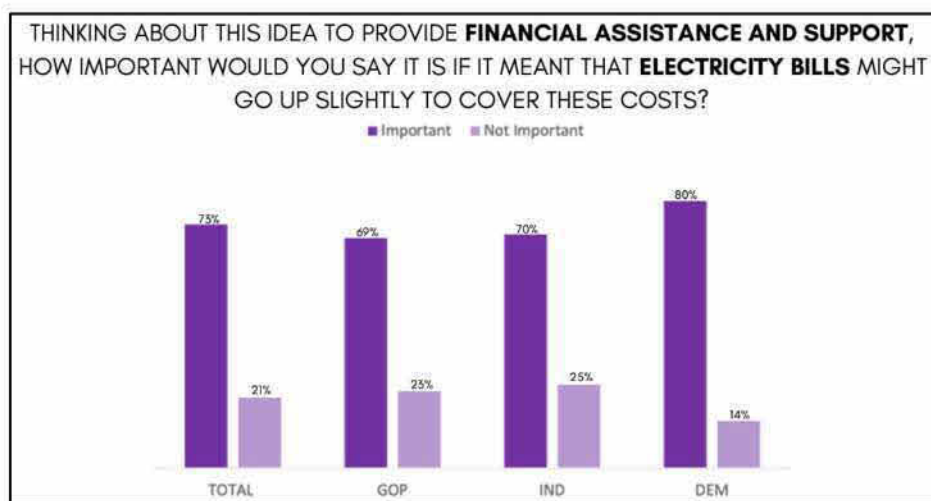
20 **Q. Do Arizonans support funding for just and equitable transition?**

21 A. Yes. According to a 2019 statewide poll directed by the Arizona PIRG Education  
22 Fund and conducted by WPA Intelligence, a conservative pollster based in  
23 Washington D.C., more than eight-in-ten respondents (83%) said it is “very” (56%) or  
24 “somewhat” (27%) important that the owners of the Navajo Generating Station  
25  
26

provide financial assistance and support such as job training to communities impacted by the closing of the plant.<sup>37</sup> This support was bipartisan.



Additionally, more than seven-in-ten respondents (73%) said it is “very” (29%) or “somewhat” (44%) important to provide financial assistance and support such as job training to communities impacted by the closing of the plant even if it meant electricity bills possibly would go up slightly to cover such costs.



<sup>37</sup> WAP Intelligence, Arizona PIRG Education Fund Energy Poll (Jan. 2019), available at <https://arizonapirg.org/sites/pirg/files/resources/Poll%20-%20Energy%202-19.pdf>.



1 **Q. What do you conclude?**

2 A. The Commission should approve the Advanced Energy Mechanism without delay.

3 **V. CONCLUSION**

4 **Q. Does this conclude your testimony?**

5 a. Yes.

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